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SUSTAINABLE DEVELOPMENT AND INTERNATIONAL ECONOMIC COOPERATION: TRADE AND DEVELOPMENT

# Economic measures as means of political and economic coercion against developing countries

## Report of the Secretary-General

CONTENTS


| | | Paragraphs | Page |
|---|---|---|---|
| INTRODUCTION | | 1 - 5 | 2 |
| I. | SUMMARY OF RESPONSES RECEIVED FROM GOVERNMENTS | 6 - 17 | 3 |
| II. | ACTIONS BY UNITED NATIONS BODIES AND OTHER INTERNATIONAL INSTRUMENTS | 18 - 36 | 5 |
| | A. United Nations bodies | 18 - 30 | 5 |
| | B. Other international instruments | 31 - 36 | 9 |
| III. | SUMMARY OF THE DELIBERATIONS OF THE EXPERT GROUP MEETING | 37 - 52 | 11 |
| | A. Conceptual issues | 39 - 44 | 11 |
| | B. Legal issues | 45 - 47 | 13 |
| | C. Impact assessment | 48 - 51 | 14 |
| | D. Institutional issues/follow-up | 52 | 15 |
| Annex. | List of experts invited to an expert group meeting on coercive economic measures | | 17 |


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## INTRODUCTION

1. The present report has been prepared in response to General Assembly resolution 48/168 of 21 December 1993. In that resolution, the General Assembly, inter alia, expressed concern about the adverse effects of the use of coercive economic measures on the economy and development efforts of developing countries, and about the general negative impact on international economic cooperation and on world-wide efforts to move towards a non-discriminatory, open trading system. The Assembly reaffirmed that no State may use or encourage the use of economic, political or any other type of measures to coerce another State in order to obtain from it the subordination of the exercise of its sovereign rights.

2. The Assembly also called upon the international community to adopt urgent effective measures to eliminate the use by some developed countries of unilateral coercive economic measures against developing countries that are not authorized by relevant organs of the United Nations or are inconsistent with the principles contained in the Charter of the United Nations, and requested the Secretary-General to assign to the Department for Economic and Social Information and Policy Analysis of the United Nations Secretariat, in cooperation with the United Nations Conference on Trade and Development, the function of continuing to monitor the imposition of measures of this nature, as well as to continue the preparation of studies in this field, as mandated by the Assembly in its resolutions 44/215 and 46/210. Finally, the Assembly requested the Secretary-General to report to it at its fiftieth session on the implementation of the resolution.

3. Accordingly, the Secretary General, in a note verbale dated March 1995, invited the Governments of all States to provide relevant information. At the time of preparation of the present report, replies had been received from the Governments of the following seven States: Colombia, Cuba, Ecuador, Estonia, Iraq, Japan and Madagascar.

4. The Department for Economic and Social Information and Policy Analysis convened an expert group meeting on the subject to solicit the views of internationally recognized experts on the concept and implications of coercive economic measures.

5. The present report contains a summary of the responses of the above-mentioned Governments, a review of relevant actions on the part of United Nations bodies and other multilateral instruments, and a summary of the deliberations of the above-mentioned meeting.

## I. SUMMARY OF RESPONSES RECEIVED FROM GOVERNMENTS

6. The Government of Colombia noted that it continues to support the relevant provisions of General Assembly resolution 48/168 relating to the non-legitimacy of the imposition of coercive economic measures.

7. The Government of Cuba stressed that despite the end of the cold war, certain Powers, based on their predominant position in the world economy, have continued to use coercive economic measures against developing countries. The imposition of coercive economic measures ignores such principles as the sovereign equality of States, non-intervention and non-interference in the internal affairs of sovereign States, and violates international legal instruments with the intent of forcibly imposing the political will of the sending State and subverting the political, economic and social regime of the target State. Unilateral coercive economic measures are inconsistent with the objectives and principles of the Charter of the United Nations, and also contradict the principles and norms established in the International Development Strategy, the General Agreement on Tariffs and Trade, and the resolutions and decisions of the United Nations General Assembly and the United Nations Conference on Trade and Development. The Government of Cuba indicated that unilateral coercive economic measures include a variety of punitive actions against the targeted State, such as closing off the domestic market of the country that imposes the measure to the targeted country; eliminating most-favoured-nation treatment; preventing and limiting commercial and financial transactions with third countries; obstructing the procurement of essential goods by the target State; attempting to prevent access to appropriate technology; attempting to obstruct commercial navigation; subjecting third countries to extraterritorial provisions; limiting the implementation of principles and provisions relating to intellectual property rights; and applying political and discriminatory criteria in granting visas or residence permits.

8. The Government of Cuba considers the economic blockade imposed by the United States of America against Cuba for more than 35 years to be a blatant example of the application of this type of unilateral coercive economic measure. In addition to the social consequences that such measures have caused, they are estimated to have cost the country over $40 billion.

9. According to the Government of Cuba, the imposition of the United States blockade has imposed such costs as the loss of preferential prices for sugar exports; a lack of financial resources; substantial increases in transport costs, resulting from the geographical shift in its trading pattern; immobilization of vast quantities of resources; excessive prices for imported goods; idling of plants and equipment, owing to lack of spare parts; the reduction of tourist activities; and the loss of related earnings.

10. The Government of Cuba considers that these punitive measures applied by the United States against Cuba are clearly incompatible with relevant resolutions adopted by the United Nations General Assembly.

11. The Government of Cuba is concerned that, despite relevant resolutions adopted in recent years by the General Assembly on the use of coercive economic measures against developing countries, which provide a clear mandate, the United

Nations Secretariat has still not identified specific activities within the medium-term plan and programme budget for the proper implementation of those decisions. The Government of Cuba hopes that appropriate measures will be taken to rectify this state of affairs.

12. The Government of Ecuador stressed its full agreement with the provisions of General Assembly resolution 48/168, which condemn the imposition of coercive economic measures against developing countries. Ecuador believes that the use of coercive economic measures to impose one State's will on another is inconsistent with the basic principles of international law. Such measures have no justification or legitimacy unless they are authorized by the competent organs of the United Nations and are consistent with the principles of the Charter of the United Nations.

13. Attempts to coerce a State by means of economic pressure can have serious consequences for the human rights of individuals living in that State. Coercive economic measures have no international legitimacy and are also incompatible with the provisions of a number of international instruments, including the Universal Declaration of Human Rights, the International Covenants on Economic, Social and Cultural Rights, the Universal Declaration on the Eradication of Hunger and Malnutrition, and the Convention on the Rights of the Child. Such measures particularly infringe upon the universal principles of the right of people to self-determination and the right of individuals to well-being. The social institutions and physical infrastructure of countries subjected to economic coercion are usually seriously affected. Ecuador therefore believes that economic pressure also infringes upon the right to development as set forth in the Declaration on the Right to Development adopted by the General Assembly in 1986.

14. The Government of Estonia noted that Estonia has never used political or economic sanctions against any country, except when authorized by the United Nations. Estonia reaffirms the basic position that all coercive measures not in keeping with the Charter of the United Nations and without the authorization of the United Nations Security Council are to be condemned by the international community.

15. The Government of Iraq noted that, in believing firmly in the right of States to the exercise of complete sovereignty and equality and respect for human rights, it strongly opposes the use by some developed countries of arbitrary economic measures as a means of political and economic coercion against the peoples of the world with the aim of humiliating them and depriving them of their basic right to development and economic well-being. The Government of Iraq stresses that the coercive economic measures taken by some developed countries against developing countries constitute a flagrant violation of the Charter of the United Nations, the principles of international law, the principles of human rights and the divine prescriptions of religious law. Iraq calls upon those countries to desist from enacting any legislation or taking any measures that threaten the economic security of the countries of the third world and prevent them from enjoying their right to a free and decent life of well-being and economic, social and scientific progress.

16. The Government of Japan stressed that it had voted against General Assembly resolution 48/168. Japan is therefore opposed to the inclusion of the item on coercive economic measures in the agenda of the Second Committee at the fiftieth session of the General Assembly. Japan is of the view that it is inappropriate to discuss economic sanctions in general because this distorts their meaning, making it appear that they are unilateral measures taken by developed against developing countries.

17. The Government of Madagascar provided information about negotiating with the International Monetary Fund concerning access to the Enhanced Structural Adjustment Facility.

## II. ACTION BY UNITED NATIONS BODIES AND OTHER INTERNATIONAL INSTRUMENTS

### A. United Nations bodies

18. The relevant General Assembly resolutions and declarations are described below.

#### 1. Declaration on the Inadmissibility of Intervention in the Domestic Affairs of States and the Protection of Their Independence and Sovereignty (General Assembly resolution 2131 (XX)) and Declaration on Principles of International Law concerning Friendly Relations and Cooperation among States in Accordance with the Charter of the United Nations (General Assembly resolution 2625 (XXV))

19. Both declarations provide that no State has the right to intervene, directly or indirectly, for any reason whatever, in the internal or external affairs of any other State. Consequently, armed intervention and all other forms of interference or attempted threats against the personality of the State or against its political, economic or cultural elements are condemned.

20. Both declarations also state that no State may use or encourage the use of economic, political or any other type of measures to coerce another State in order to obtain from it the subordination of the exercise of its sovereign rights or to secure from it advantages of any kind, and that every State has an undeniable right to choose its political, economic, social and cultural system, without interference in any form by another State.

2. Declaration on the Establishment of a New International Economic Order (General Assembly resolution 3201 (S-VI))

21. The Declaration provides, in part, that the new international economic order should be founded on full respect for the full permanent sovereignty of every State over its natural resources and all its economic activities. In order to safeguard these resources, each State is entitled to exercise effective control over them and their exploitation with means suitable to its situation, including the right of nationalization or transfer of ownership to its nationals, this right being an expression of the full permanent sovereignty of the State. The Declaration states the no State may be subjected to economic, political or any other type of coercion to prevent the free and full exercise of this inalienable right.

3. Charter of Economic Rights and Duties of States (General Assembly resolution 3281 (XXIX))

22. Article 32 states that no State may use or encourage the use of economic, political or any other type of measures to coerce another State in order to obtain from it the subordination of the exercise of its sovereign rights.

4. Commission on Human Rights

23. The Commission on Human Rights, in its resolution 1994/47, entitled "Human rights and unilateral coercive economic measures", identified the following instruments and resolutions as providing the legal framework for the consideration of the issue:

(a) Charter of the United Nations;

(b) Declaration on Principles of International Law concerning Friendly Relations and Cooperation among States in accordance with the Charter of the United Nations (General Assembly resolution 2625 (XXV));

(c) Charter of Economic Rights and Duties of States (General Assembly resolution 3281 (XXIX)), in particular article 32;

(d) The Vienna Declaration and Programme of Action adopted by the World Conference on Human Rights in June 1993; 1/

(e) Commission on Human Rights resolutions 1991/79, 1992/39, 1993/59.

24. The Commission on Human Rights identified unilateral coercive measures against developing countries, such as blockades, embargoes, trade restrictions and freezing of assets as being in clear contradiction with international law. Such measures have the purpose of preventing target States from exercising their rights to determine their political, economic and social system, and are intended to exert political, economic and social pressure. Unilateral coercive economic measures create obstacles to trade relations among States, adversely affect the socio-humanitarian activities of developing countries, and hinder the full realization of human rights by the people subject to those measures. The

human rights affected include those set forth in the Universal Declaration of Human Rights, in particular the right of people to self-determination and the right to development. Unilateral coercive economic measures thus also constitute violations of peoples' rights.

25. The Working Group on the Right to Development identified the use of unilateral coercive economic measures as an obstacle to the implementation of the Declaration on the Right to Development.

26. The Commission on Human Rights, at both its fiftieth and fifty-first sessions, requested the Secretary-General to submit, in consultation with Governments, specialized agencies and intergovernmental and non-governmental organizations, a report on coercive measures unilaterally implemented against developing countries that hinder the full realization of all rights set forth in the Universal Declaration of Human Rights and other international human rights instruments, particularly the right of people to a minimum standard of living and development.

27. In accordance with Commission on Human Rights resolution 1994/47, the Secretary-General submitted a report on the subject at its fifty-first session, containing comments submitted by Governments, specialized agencies and intergovernmental and non-governmental organizations on coercive measures unilaterally implemented against developing countries (E/CN.4/1995/43). The report contains some salient points based on replies, such as:

(a) The use of all forms of coercive measures violates the principle of international cooperation, and constitutes a barrier to mutually advantageous cooperation between countries;

(b) The use of unilateral coercive economic measures has severe repercussions on the economies of targeted developing countries, and creates numerous social problems;

(c) The use of unilateral coercive economic measures as a means of exercising political and economic pressure against developing countries constitutes a grave violation of the human rights of individuals, groups and people recognized in the Charter of the United Nations and in all international human rights instruments.

28. The Commission on Human Rights has called on the international community to reject the use of such unilateral coercive measures. It has requested all States to refrain from adopting them, and has condemned the fact that certain countries, using their predominant position in the world economy, continue to intensify the adoption of such measures. The Commission has also stressed that the international community as a whole should hold Governments responsible for the use of coercive measures and their consequences, and should take firm action to thwart such attempts, which are in flagrant violation of international law. The United Nations should deal with the adverse effects of these coercive measures on human rights, and should establish a mechanism to monitor the forms of such measures, the purposes they are designed to achieve and their repercussions on the economies of the developing countries affected. This would

also include identifying countries that impose such measures with a view to determining the adequate manner in which the measures should be tackled and finally eliminated.

## 5. International Law Commission

29. The International Law Commission has been considering a draft article on prohibited countermeasures within the context of its codification and progressive development of the law of State responsibility. At its forty-sixth session (2 May-22 July 1994), the Commission provisionally adopted draft article 14, entitled "Prohibited counter measures", for inclusion in the draft articles concerning the content, forms and degrees of international responsibility. The text of article 14, as provisionally adopted by the Commission, reads as follows:

### Article 14

### Prohibited countermeasures

"An injured State shall not resort by way of countermeasures, to:

(a) The threat or use of force as prohibited by the Charter of the United Nations;

(b) Extreme economic or political coercion designed to endanger the territorial integrity or political independence of the State which has committed an international wrongful act;

(c) Any conduct which derogates from basic human rights;

(d) Any other conduct in contravention of norms of general international law."

30. However, the Commission decided not to formally submit articles on countermeasures to the General Assembly, pending the adoption of other articles on countermeasures and the submission of the relevant commentaries. At its forty-seventh session (2 May-21 July 1995), the Commission adopted a set of draft articles on the question of countermeasures, which will be submitted to the General Assembly at its fiftieth session.

## B. Other international instruments

### 1. General Agreement on Tariffs and Trade

31. Article XXI of the General Agreement on Tariffs and Trade 2/ deals with security exceptions. It states that nothing in the Agreement shall be construed to prevent any contracting party from taking any action that it considers necessary for the protection of its essential security interests. The interpretation and application of article XXI is still the subject of dispute as illustrated, inter alia, by:

(a) The complaint of former Czechoslovakia against the United States of America, in 1949, concerning restrictive trade measures. In this case, it was stated that every country must be the judge in the last resort on questions relating to its security. On the other hand, every contracting party should be cautious not to take any step that might have the effects of undermining the General Agreement;

(b) In 1961, on the occasion of the accession of Portugal, Ghana stated that its boycott of Portuguese goods was justified under article XXI, noting that under that article, each contracting party was the sole judge of what was necessary in its essential security interest. The Government of Ghana felt that the situation in Angola was a constant threat to the peace of the African continent, and that any action which, by bringing pressure to bear on the Portuguese Government, might lead to a lessening of this danger, was therefore justified in the essential security interest of Ghana;

(c) The United States embargo on trade with Cuba, imposed in 1962, invoked article XXI as justification (national security reasons). Cuba rejected that argument;

(d) In 1970, the Working Party report on the accession of the former United Arab Republic stressed that, in response to concerns raised regarding the Arab League boycott against Israel, the representative of the former UAR noted that in view of the political character of this issue, the United Arab Republic did not wish to discuss it within GATT. The background of the boycott measures was political and not commercial;

(e) In November 1975, Sweden introduced a global import quota system for certain footwear. The Government of Sweden considered that the measure was taken in conformity with the spirit of article XXI, and stated, inter alia, that the decrease in domestic production had become a critical threat to the emergency planning of Sweden's economic defence as an integral part of the country's security policy;

(f) In April 1982, the former European Economic Community and its member States, Canada and Australia, suspended indefinitely imports into their territories of products from Argentina. In notifying these measures, they stated that they had taken certain measures in the light of the situation addressed in Security Council resolution 502 (1982); that they had taken those measures on the basis of their inherent rights, of which article XXI of the

General Agreement was a reflection. Argentina took the position that, in addition to infringing the principles and objectives underlying GATT, those measures violated specific GATT articles. Argentina sought an interpretation of article XXI. These efforts led to the inclusion of paragraph 7 (III) in the Ministerial Declaration of November 1982, which provides that the contracting parties undertake, individually and jointly, to abstain from taking restrictive trade measures for reasons of a non-economic character, that are not consistent with the General Agreement;

(g) On 7 May 1985, the United States of America notified the contracting parties of an executive order prohibiting all imports of goods and services of Nicaraguan origin, and all exports from the United States to Nicaragua. Nicaragua stated that those measures contravened GATT articles and that it was a matter not of national security but of coercion. Nicaragua further stated that article XXI could not be applied in an arbitrary fashion. The United States stated that its action had been taken for national security reasons, and that it was the prerogative of each country to judge which action it considered necessary to protect its essential security interests;

(h) In November 1991, the European Community (EC) notified the contracting parties that the EC and its member States had decided to adopt trade measures against former Yugoslavia. The EC stated that those measures were taken upon consideration of its essential security interests and were based on article XXI. Former Yugoslavia stated that those measures were inconsistent with the GATT agreement.

32. The above briefly described instances of the application of coercive economic measures with reference to article XXI of the General Agreement on Tariffs and Trade indicate the difficulties in the interpretation of national security exceptions, and thus the difficulties in legitimizing coercive economic measures for national security reasons.

### 2. Helsinki Final Act, 1975

33. Principle VI of the Declaration of the Principles guiding Relations between Participating States adopted in the Final Act of the Conference on Security and Cooperation in Europe on 1 August 1975, 3/ entitled "Non-intervention in internal affairs" provides, in part, that the participating States, will likewise in all circumstances refrain from any other act of military, political, economic or other coercion designed to subordinate to their own interest the exercise by another participating State of the rights inherent in its sovereignty and thus to secure advantages of any kind.

### 3. The Charter of the Organization of American States of 30 April 1948, as amended 27 February 1967

34. Article 18 of the Charter of Bogota establishing the Organization of American States 4/ provides that no State or group of States has the right to intervene, directly or indirectly, for any reason whatever, in the internal or external affairs of any other State. The foregoing principle prohibits not only armed force but also any other form of interference or attempted threat against the personality of the State, or against its political, economic and cultural elements.

35. Article 19 of the Charter states that no State may use or encourage the use of coercive measures of an economic or political character in order to force the sovereign will of another State and obtain from it advantages of any kind.

36. Article 34 of the Charter provides that member States should refrain from practising policies and adopting actions or measures that have serious adverse effects for the development of other member States.

## III. SUMMARY OF THE DELIBERATIONS OF THE EXPERT GROUP MEETING

37. The Department for Economic and Social Information and Policy Analysis convened an expert group meeting on coercive economic measures (see annex for a list of experts invited). The meeting discussed conceptual and legal issues, the problems of impact assessment and institutional arrangements.

38. The main findings of the meeting are summarized below.

### A. Conceptual issues

#### 1. Definition

39. The imposition of coercive economic measures must be seen in the context of the use of tools of economic statecraft and as an element of coercive diplomacy. The meeting agreed that the definition of coercive economic measures must include the following essential elements:

(a) The motives of the sender State and the explicitly stated policy objectives (i.e., identification of the objectionable policies in the target State);

(b) The selection of specific types of economic instruments imposed on the target State with the objective of enforcing changes in objectionable policies in the target State;

(c) The implicit assumption that the imposition of coercive economic measures causes economic damage and dislocation in the target State, creating political, economic and social tensions in the target State, which in turn create pressure for policy changes.

40. The meeting determined that coercive economic measures are negative economic activities imposed by the sender on the target State for political (non-economic) purposes. Coercive economic measures can be imposed by individual States (unilateral economic sanctions) or regional organizations (plurilateral economic sanctions). The specific, defining feature of coercive economic measures is that of negative economic activities applied for political purposes, forming part of discriminatory or punitive interventionist policies. The meeting agreed that the existence of serious material impact is a necessary condition for negative economic activities to qualify as coercive economic measures. This definition distinguishes coercive economic measures from:

(a) Multilateral economic sanctions imposed by the Security Council after determining a threat to international peace and security. This type of multilateral economic sanction is legitimized by the international community as an instrument to enforce the collective security regime. This bestows legal, political and moral authority;

(b) Unilateral or plurilateral economic sanctions imposed for economic purposes. Specific types of unilateral or plurilateral sanctions, especially when they relate to trade measures, are dealt with in the context of the multilateral trade regime (norms, rules and dispute settlement mechanisms);

(c) Positive economic sanctions (affirmative economic measures) that involve adequate incentives and reward systems to induce policy changes.

41. The concept of coercive economic measures embraces the policy objectives of the sender State, the selection of specific economic measures by the sender State, the economic impact on the target State and enforced policy changes in the target State. The assessment of the economic and political effectiveness of coercive economic measures and the judgement of their legitimacy are further relevant issues.

## 2. Policy objectives

42. The motives of the sender State and the derived policy objectives are essential factors in the concept of coercive economic measures. The real motives and the explicitly stated policy objectives (change of objectionable policies) are related but not always identical. The stated policy objectives are the result of political processes in the sender State, and reflect the reconciliation of often divergent interests. They range from alleged threats to the national security of the sender State and the alleged violation of agreed international norms and instruments by the target State, to expressions of dislike for specific domestic or foreign policies of the target State or more generally for the political and socio-economic system of the target State. The stated policy objectives in specific cases of coercive economic measures reflect a broad range of options based on unilateral judgements by the sender State, and express specific interests. This approach forms part of coercive economic diplomacy in inter-State relations.

43. The meeting agreed that a general classification of motives/objectives should include the broad categories of deterrence, compliance, punishment and

retaliation. Efforts to establish a hierarchical order of motives are relevant for the consideration of legitimacy. Any hierarchical ordering must be devised in accordance with degrees of acceptability (acceptability criteria). Some participants stressed the view that coercive economic measures are to some extent an unavoidable part of the use of economic tools of statecraft as coercive diplomacy. In this view, coercive economic measures can constitute an alternative to the use of military force. It was agreed, however, that without clearly defined criteria, unilateral decisions on the use of coercive economic measures have the potential for arbitrariness and abuse. It was also agreed that any hierarchical ordering in terms of acceptability should place policy objectives related to the violation of internationally agreed norms and instruments above those based on the expression of objections to the specific political and socio-economic system of the target State.

### 3. Type of coercive economic measures

44. The meeting agreed that sender States can potentially resort to a large variety of economic instruments. The selection of specific economic measures is linked to the basic objective, namely, to restrict the target State's access to markets, capital, technology and investment. The selection of specific trade, finance and investment-related measures is intended to maximize the negative economic impact in order to enforce changes in the alleged objectionable policies. The broad categories of trade, finance and investment-related measures can be further subdivided in a typology of individual measures. The selection of specific measures is influenced by such factors as the policy objectives, the intended negative economic impact, the economic size of the target State, and the geographical proximity and strength of economic ties between the sender and target States. The interplay of these factors has to be analysed in specific cases in order to permit adequate generalizations.

## B. Legal issues

45. An essential problem addressed by the meeting is that of the legal base, such as international law, declarations and resolutions adopted by international organizations, and provisions contained in international regimes and conventions. The basic question is how to interpret such legal instruments for applicable norms and criteria with which to judge the legitimacy of coercive economic measures, both in general and in specific cases. The relevant provisions of such instruments reflect a normative consensus on the legality of coercive economic measures under certain circumstances, but there is a lack of normative consensus in certain other respects. The meeting agreed that the basic principle to be applied in the judgement of the legality of coercive economic measures is that of non-intervention and non-discrimination, based on such norms as the sovereignty of nation States and the sovereign equality of States. This prohibits intervention into the domestic affairs of sovereign States, either by forcible (military) or non-forcible (economic) intervention, as a general rule. The strict observation and application of these basic principles of international law, backed by specific declarations adopted by international organizations, prohibits the application of coercive economic measures as instruments of intervention, including any attempts at an

exterritorial application of coercive economic measures. This establishes the generally applicable rule.

46. Evolving norms in international law and specific enforcement provisions in international regimes and conventions can contribute to the specification of the applicable criteria to be used in the judgement of the legitimacy of coercive economic measures (States' responsibilities, response to wrongful acts etc.). This development, however, should not detract from the applicability of the basic principles of non-intervention and non-discrimination. It should also be taken into account, even in applying exceptions, that the response must be proportional to the seriousness of the violation (principle of proportionality).

47. While not disputing the general rule, some participants expressed the view that the application of coercive economic measures cannot be completely excluded in a realistic consideration of international relations. Exceptions, according to this view, include the use of coercive economic measures as part of an enforcement mechanism incorporated into internationally agreed instruments and regimes. Under such circumstances, coercive economic measures can be legitimately applied in the case of clear violations of internationally agreed norms. Such judgements, however, should be made on a multilateral and not a unilateral basis. The meeting noted that despite the above-mentioned principles, there have been recent attempts to justify unilateral coercive measures for explicitly interventionist purposes (to bring about changes in a sovereign State's economic and political system). The meeting viewed this development with concern and wished to bring it to the attention of the international community.

## C. Impact assessment

48. The problem of impact assessment concerns the effectiveness of coercive economic measures. Impact assessment has to differentiate between:

(a) The costs for the imposing State and the distribution of such costs;

(b) The negative economic impact on the target State (economic effectiveness);

(c) The enforced policy changes in the target State (political effectiveness).

49. The costs for the sender State and the distribution of such costs form part of the political process leading to the decision to impose coercive economic measures. Different domestic interest groups (commercial interest groups, non-governmental groups pursuing specific political objectives etc.) try to influence the policy decision-making process. This offers opportunities for mobilizing opposition to the application of illegitimate coercive economic measures. It is also necessary to distinguish between coercive economic measures that are imposed by an executive branch of government and those measures that require approval by legislative bodies in the sender State. The negative economic impact on the target State depends on a variety of factors, such as the magnitude and scope of the imposed coercive economic measures, the

relative size of the target vis-à-vis the sender State (i.e., the degree of economic autonomy of the target State), and the availability of alternative economic options for the target State in terms of access to markets, capital, technology and investments. The meeting agreed that further analytical work will be required to operationalize the concept of economic impact assessment. This will have to include the elaboration of specific indicator systems, as well as the analysis of the relationship between the magnitude and scope of imposed measures, specific variables and their negative economic impact. Differentiation will also be required between short, medium and long-term impact, depending on the duration of imposed measures. Structural and sectoral distortions will have to be identified. The degree of compliance with government-imposed restrictions on the part of transnational corporations will also be an important factor.

50. The meeting questioned some of the basic assumptions concerning political impact, such as the assumption that coercive economic measures have a negative economic impact. The negative economic impact is assumed to cause tensions that translate directly into political pressure and enforce changes in objectionable policies. In reality, the mechanism is much more complex and ambiguous. The meeting stressed that the translation of a negative economic impact into policy changes depends very much on the nature of the political regime in the target State.

51. There can be either a unifying effect ("rallying around the flag") or a strengthening of internal opposition, depending on the concrete circumstances of individual cases. Another consideration is the effect of coercive economic measures on vulnerable groups in target States and whether there are options for specifically targeting coercive economic measures on the policy makers in target States. These problems require further case-studies and empirical analysis. The judgement of economic and political impact involves both qualitative and quantitative assessments.

## D. Institutional issues/follow-up

52. The meeting agreed that the problem of coercive economic measures merits increased attention by multilateral bodies. Within the United Nations, intergovernmental deliberations should be supported by analytical and monitoring capacities in the United Nations Secretariat. The analytical work should be focused on the refinement of applicable norms and criteria, and on the methodology for impact assessment. The monitoring function will require effective information-gathering and assessment methods, as well as effective cooperation and coordination among various United Nations intergovernmental bodies and units of the United Nations Secretariat, based on clearly defined mandates.

## Notes

1/ Report of the World Conference on Human Rights, Vienna, 14-25 June 1993 (A/CONF.157/24 (Part I), chap. III); see, in particular, para. 31.

2/ See The Results of the Uruguay Round of Multilateral Trade Negotiations: The Legal Texts (Geneva, GATT secretariat, 1994), p. 485.

3/ See International Legal Materials, vol. 14, No. 4 (July 1975), p. 1292; see also A/36/597.

4/ United Nations, Treaty Series, vol. 119, No. 1609, p. 3.

ANNEX

List of experts invited to an expert group meeting on coercive economic measures a/

Professor David CORTRIGHT (United States of America)

Dr. Alberto Franco MEJIA (Costa Rica)

Professor Deepak NAYYAR (India)

Professor Raymo VAYRYNEN (Finland)

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a/ Participants also included representatives of the Department for Economic and Social Information and Policy Analysis, the Department of Political Affairs, the Office of Legal Affairs and the Centre for Human Rights, of the United Nations Secretariat; and representatives of the United Nations Conference on Trade and Development.